

# QUICK TAKES PRO

"TECHNICAL ANALYSIS FOR EVERYONE"

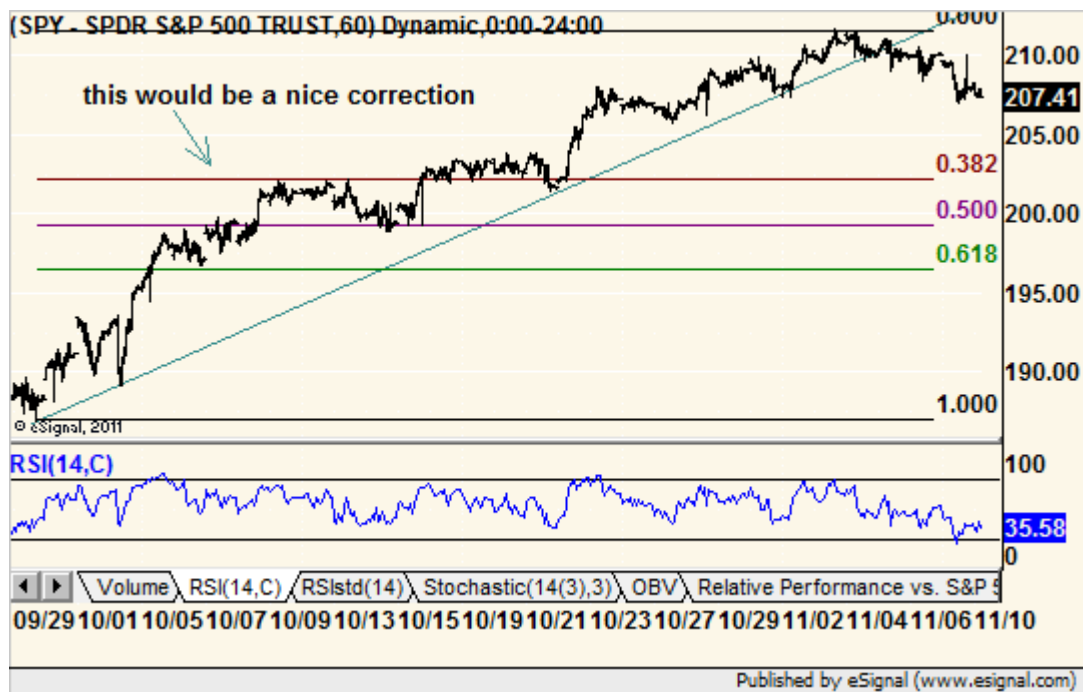
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RESEARCH LLC

**November 10, 2015** – The tide may have turned. While Friday's market reaction to the job report was muted, Monday's was clearly negative. It was all telegraphed Friday in the dollar, bonds, banks and interest rate sensitives.

Also, we said that the intraday chart trend break was horizontal (due to the passage of time) and not vertical (due to price movement). That also changed yesterday and the six-week bull run is now over. That does not mean a new bear leg is starting but obviously the first step in that direction has been taken. Any long position we have that has only marginal hope of rising is likely to be culled today.

Some people will look at the banks and other financials giving back big chunks following Friday's breakouts and say they have failed. We disagree. Banks closed off their lows and traded lower volumes than on their breakout rallies Friday. Dividend payers such as tobacco continued lower and utilities hardly gained anything back. Gold stayed low.

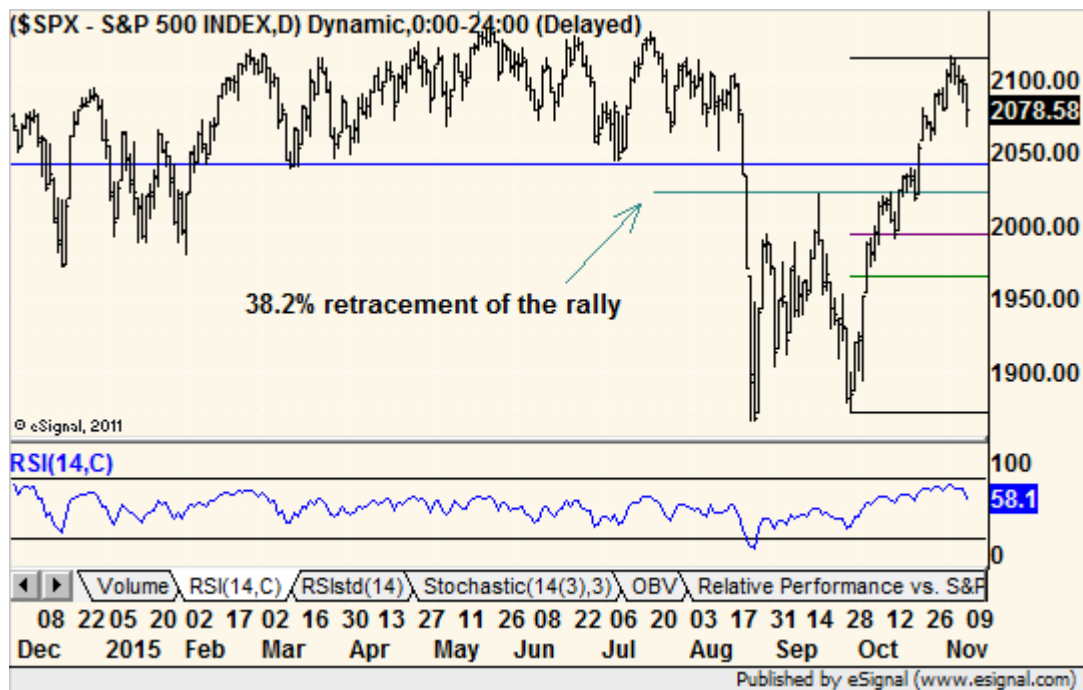
In other words, the new sector trends are intact.



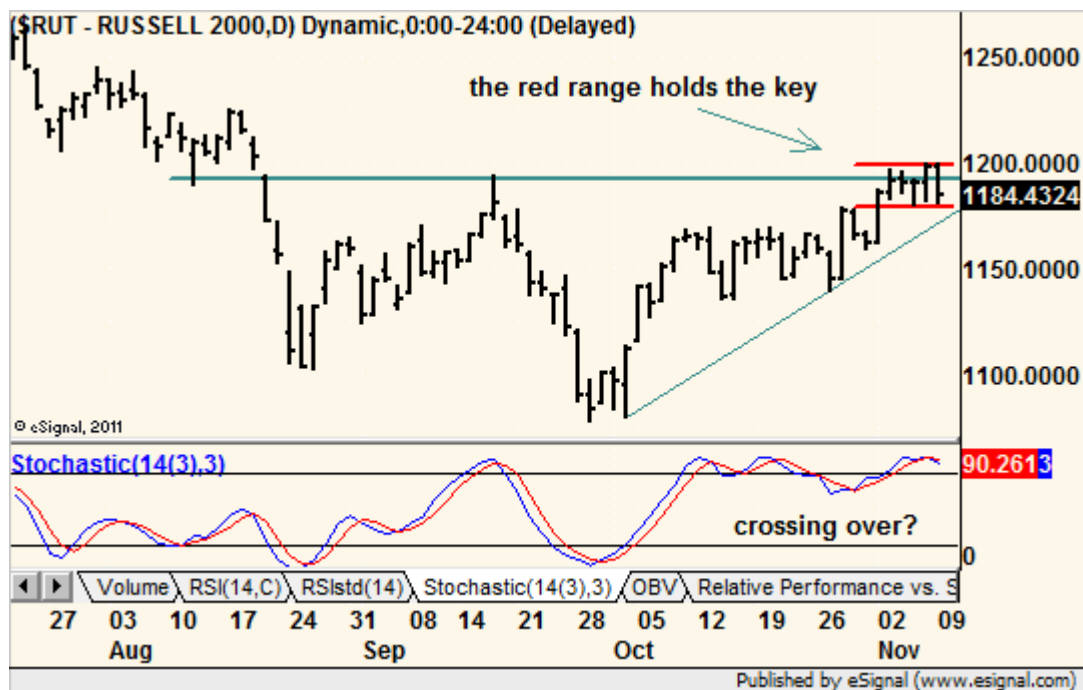
We put up some Fibonacci retracement on the hourly chart just to get an idea of where a correction could go and still be a correction. Below that and it would seem that the party would be over and still lower prices are ahead. That becomes even clearer on the daily chart because this level is also the top of the September rebound.

Subscriber note – We will have a plan to you soon about the winding down of this newsletter. Many of you expressed interest in a weekly report.

## Index Charts of the Day



This chart takes up where the hourly chart left off. A 38.2% retracement brings the index down to the September high for a decent correction. Anything below that and not only will the early 2015 trading range be broken but so will support from September. And in the big picture, resistance at the top of the range will clearly have won and the two-year head-and-shoulders pattern would still be a viable interpretation. See the Big Picture for more.



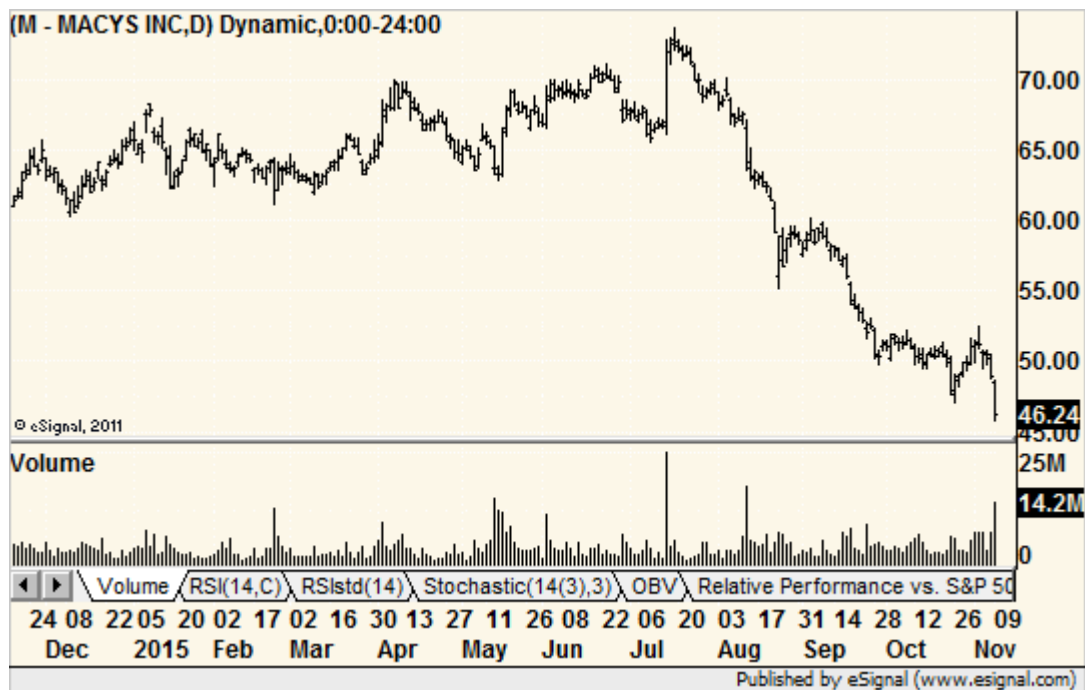
The Russell 2000 is still in a rising trend but is stuck at resistance. The longer it stays the more likely an upside move becomes but if it cracks now then it will have failed at that resistance. Considering the strong dollar, this lagging performance by small caps is probably not a good thing for the overall market.

## The Radar Screen

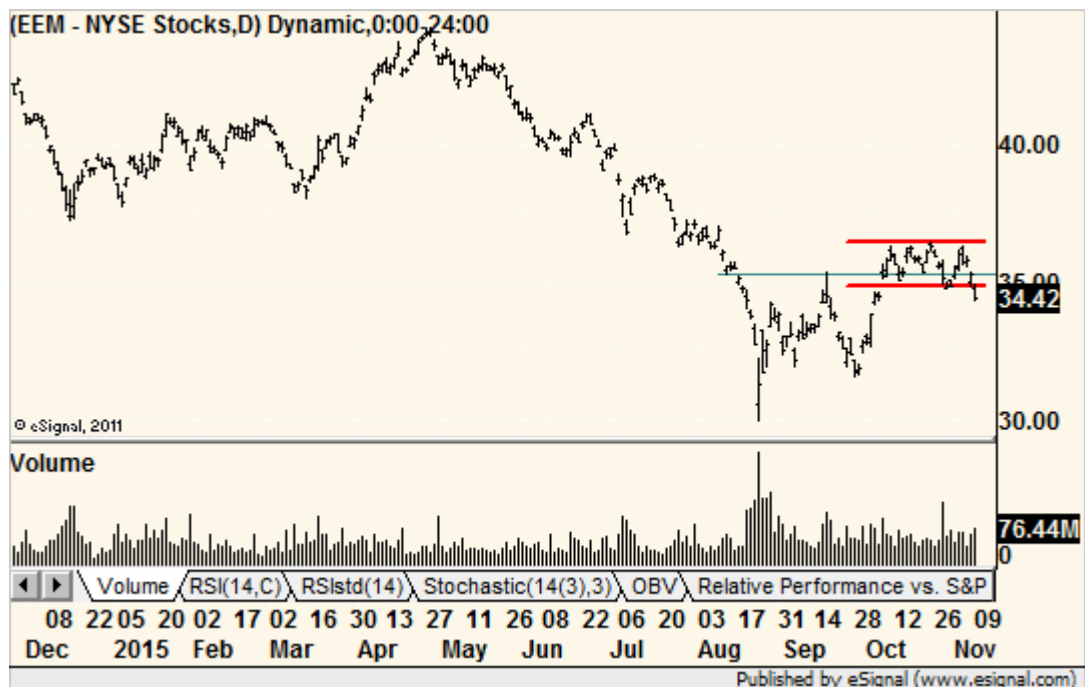
This is a list of potential opportunities, not a recommended portfolio. Underlined text is a change from previous report and if important it will be highlighted in yellow. If and when stocks give buy or sell signals here, they then move into the Advice Tracker section below. Dates listed are first appearances in the Radar Screen or the last major update. We do not take “buy/sell on close” triggers or “at the open” triggers if the stock moves more than 4-5%. See <http://quicktakespro.com/radar.html> for all Radar Screen rules and terms.

<b>Bullish Implications</b>		
<b>Gilead Sciences GILD</b> – Pausing at the trendline with nice on-balance volume. Buy close over 109.		11/3
<b>United Continental UAL</b> – An airline basing and possibly preparing to catch up to peers. Transports are weak but airlines better. Buy close over 62.		11/3
<b>Merck MRK</b> – Pausing at resistance. Buy close above 55.75.		11/4
<b>Eaton ETN</b> – This is a power management company and it sports the same base we’ve seen elsewhere. Buy close over 57.55.		11/5
<b>Coach COH</b> – Clothing accessory maker with a rounded bottom. Waiting for the breakout above 33.40. <u>Oof! Removed. No harm done</u>	<b>Removed</b>	11/6
<b>Bearish Implications</b>		
<b>none</b> –		
<b>Unknown Implications</b>		
<b>Conagra CAG</b> – We looked at food stocks with a bearish eye but this one is in a triangle with rising on-balance volume. Still, we wait for the break one way or the other. Buy 42 sell 40	<b>New</b>	11/10
<b>Holding Tank</b> – red shade leans bearish, green shade leans bullish		
<b>Waiting for dips - Macys M 47, Bed Bath &amp; Beyond BBBY54.60, IBM 132</b>		9/30
<b>Colgate Palmolive CL</b> – First casualty of a strong dollar? (personal products stock). Failed at resistance. Looks like we were too timid and missed it. <b>Sell a bounce.</b>		11/2
<b>Electronic Arts EA</b> – Friday the company beat its numbers and raised its outlook. The stock was not so happy and this is quite bearish. Failed to hold rebound Monday. Looks like it is forming a range.		11/2
<b>Sector Watch</b> (observations that may spark ideas)		
<b>Emerging Markets ETF EEM</b> – forget about it <b>Chart below</b>	<b>Removed</b>	10/6
<b>Healthcare</b> – Looks like a rebound but providers and medical supplies looking ugly.		10/23
<b>Drug sector</b> –trendline breakout. But still lagging.		10.27
<b>Defense</b> – Inverted head-and-shoulders for the DFI index. <b>ERJ, COL and ITT</b>		10/29
<b>Clothing /Accessories</b> – on the verge of a breakout.	<b>New</b>	11/6
<b>Updates</b>		
<b>none</b> –		

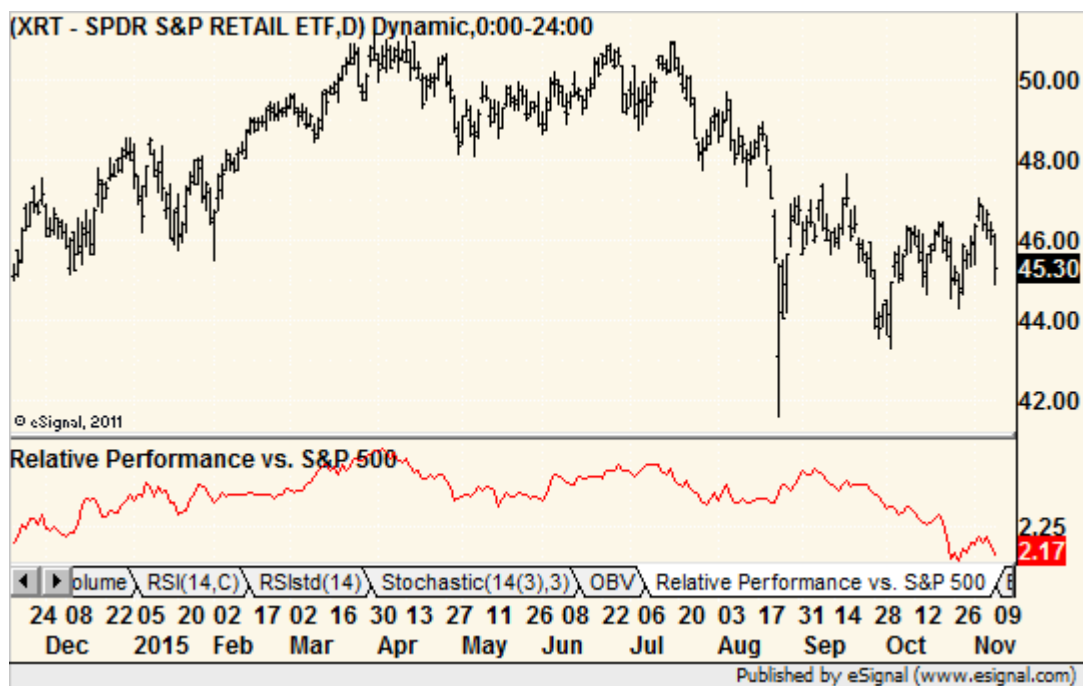
## Market Highlights



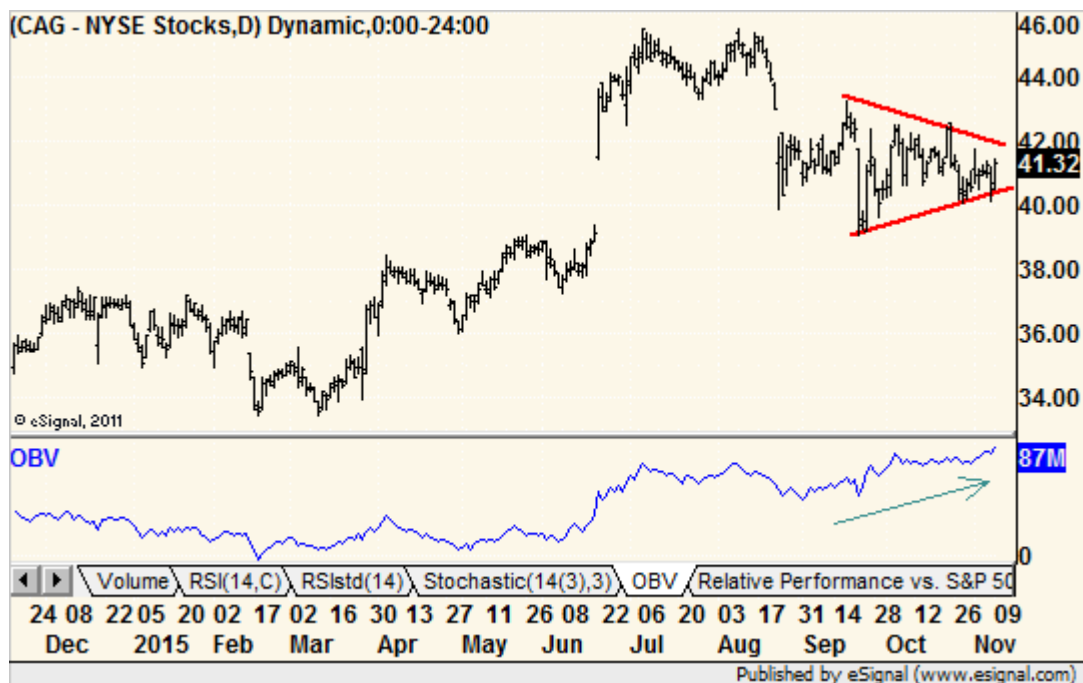
**Macys** – We were waiting for a dip to 47 for the past month and now that it is here we do not want to catch this falling knife. Must wait for stability or steep oversold now.



**Emerging Markets ETF** – Forget about it. This is a breakdown. And it fits with falling commodities prices.



**Retail ETF** – We cannot stress enough how retail is flailing and failing. Big stocks such as **HD** may be doing well but the bulk of stocks in the sector are in down trends worse than this ETF. The big drop in **GPS** this morning is just one more piece of that puzzle with **Macys** above. We are looking at **COST** as a big stock about to roll over.

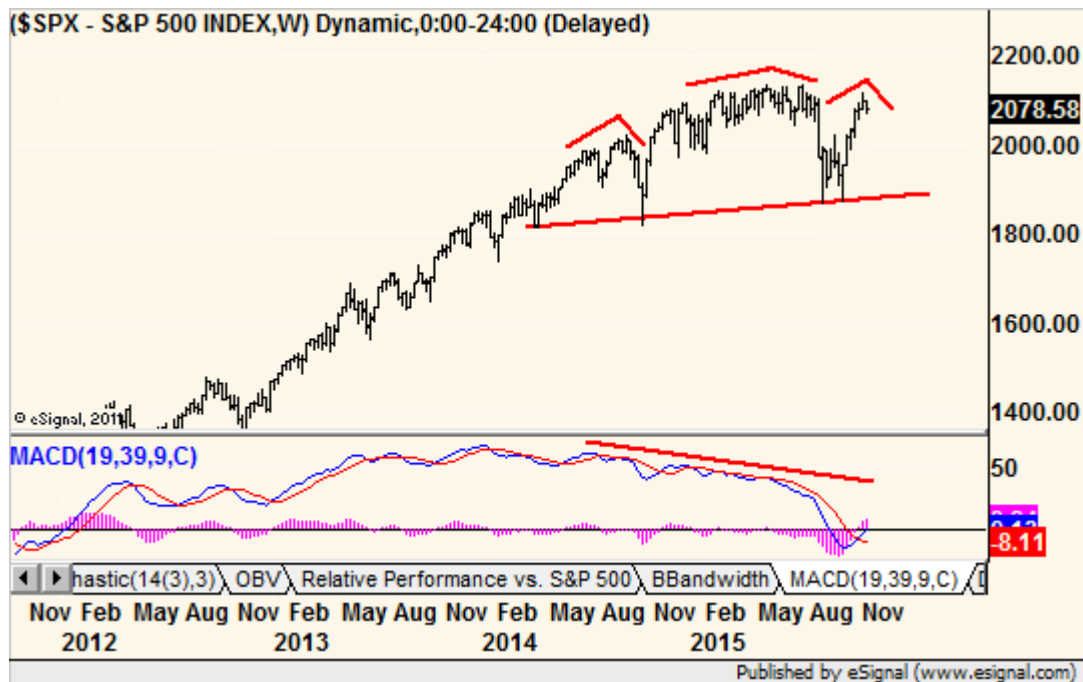


**Conagra** – We looked at food stocks yesterday with a bearish eye but this one is in a triangle with rising on-balance volume. Still, we wait for the break one way or the other. Buy 42 sell 40

## The Big Picture

In this section, we take a macro look at things.

### Head-and-Shoulders



The two-year topping pattern is still in play as long as the current rally does not make a new high. It is still a long way down before it is confirmed as the neck line must break to confirm the top. That means short-term strategies are still the way to go for now as long-term strategies must sit on the shelf.

Remember, any pattern is just a pattern until support or resistance breaks. At that time the pattern becomes a signal.

## Advice Tracker

This is a list of stocks that have triggered buys or sells and not a recommended portfolio. We will track them with suggested strategies but specific stops and position closes are up to the subscriber. Symbols in **red** mean that the position was stopped out. Symbols in **green** were closed by us. Stops in **red** were changed. Any position that moves in the desired direction and then reverses by 5% from the extreme that day is an automatic stop out. This is to compensate for the inability of this once per day newsletter to alert subscribers to the reversal.

	<u>Symbol</u>	<u>Name</u>	<u>Last</u>	<u>P/L</u>	<u>Stop</u>	<u>Price in</u>	<u>Date in</u>	<u>#Days</u>
<u>Long</u>	<b>SON</b>	SONOCO PRODS CO	41.96	0.0%	41.00	41.95	10/20	20
	<b>PEP</b>	PEPSICO INC	98.88	-4.1%	98.00	103.08	10/22	18
	<b>AMAT</b>	APPLIED MATLS INC	16.81	1.0%	16.25	16.65	10/26	14
	<b>VZ</b>	VERIZON COMMUNICATIONS	45.30	-3.7%	44.50	47.02	11/2	7
	<b>LVS</b>	LAS VEGAS SANDS CORP	48.00	-5.2%		50.61	11/2	7
	<b>HAL</b>	HALLIBURTON CO	39.10	-2.3%	37.25	40.00	11/4	5
	<b>MUR</b>	MURPHY OIL CORP	31.03	1.2%	29.25	30.65	11/4	5
	<b>NE</b>	NOBLE CORP PLC	13.63	-4.4%	13.25	14.25	11/4	5
	<b>WEN</b>	WENDYS CO	9.50	-3.1%		9.80	11/4	5
	<b>COL</b>	ROCKWELL COLLINS INC	86.75	-1.6%	85.00	88.12	11/5	4
<u>Short</u>	<b>WCG</b>	WELLCARE HEALTH PLANS INC	82.68	7.2%	86.00	88.62	11/2	7
	<b>GT</b>	GOODYEAR TIRE & RUBR CO	32.55	0.9%	34.50	32.84	11/2	7

**Notes:** Two stop outs. VZ is close and as a big dividend stock it is on the wrong side of the tracks now.

## Other Information

**About** - Michael Kahn, CMT, has been working with charts and technical analysis since 1986 and currently writes the twice-weekly “Getting Technical” column for Barron's Online. He is also a regular contributor to MarketWatch.com. Michael was formerly Chief Technical Analyst for BridgeNews and seen frequently on financial television including PBS’ Nightly Business Report.



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